

JAN 28 2015

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# A BILL FOR AN ACT

RELATING TO ON-BILL PROGRAMS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. The purpose of this measure is to ensure that  
2       electric utilities acting as billing and collections agents in a  
3       purely "pass-through" capacity for any on-bill financing program  
4       or on-bill repayment program in the State do not inappropriately  
5       incur costs and assessments from Hawaii tax laws and are not  
6       otherwise regulated as financial and debt collection  
7       organizations operating in the State.

8       SECTION 2. Section 269-125, Hawaii Revised Statutes, is  
9       amended to read as follows:

10       "~~[+]~~ §269-125 ~~[+]~~ On-bill financing for energy efficiency  
11       and renewable energy. (a) The public utilities commission  
12       shall investigate an on-bill financing program that would allow  
13       an electric utility company customer to purchase or otherwise  
14       acquire a renewable energy system or energy-efficient device, as  
15       determined by the public utilities commission, by providing for  
16       billing and payment of such a system or device through an  
17       assessment on the electric utility company customer's  
18       electricity bill.

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(b) In investigating an on-bill financing program, the public utilities commission may consider:

- (1) The costs and benefits associated with the establishment and administration of the program;
- (2) The ability of the program to effectively provide life cycle cost savings to participating electric utility company customers;
- (3) The ability of the program to make renewable energy and energy efficiency more accessible to the rental market and other underserved markets;
- (4) Methods to structure the program to ensure that any public benefits fee funds are spent cost-effectively and in compliance with applicable statutes;
- (5) The use of non-ratepayer funds or private capital to provide financing for renewable energy systems or energy-efficient devices acquired through the program;
- (6) Reasonable penalties, which may include fines and disconnection of utility services, for nonpayment of on-bill financing costs;
- (7) The ability of an electric utility company to recover costs incurred due to the program; and

1           (8) Other issues the public utilities commission deems  
2           appropriate.

3           (c) If on-bill financing is determined by the public  
4 utilities commission to be viable, the public utilities  
5 commission may implement an on-bill financing program by  
6 decision and order or by rules pursuant to chapter 91.

7           (d) Amounts collected from electric utility customers by  
8 electric utilities for the repayment of on-bill obligations  
9 shall not be considered revenue of the electric utilities and  
10 accordingly, shall not be subject to state or county taxes,  
11 including the general excise tax under chapter 237, the public  
12 service company tax under chapter 239, the public utility fee  
13 under section 269-30, and the public utility franchise tax under  
14 chapter 240.

15          (e) The act of serving as an agent to bill and to collect  
16 the repayment of on-bill obligations shall not cause any  
17 electric utility to be subject to the laws that regulate  
18 financial institutions, escrow depositories, or collection  
19 agencies. An electric utility shall not be responsible for  
20 lending, underwriting, and credit determinations.

21          (f) For purposes of this section:

"On-bill obligation" means any and all costs resulting from the purchase and installation of renewable energy, energy efficiency, or energy conservation systems approved by the commission for repayment through an on-bill program.

"On-bill program" means any program approved by the commission that allows for the payment or repayment by an electric utility customer for the purchase and installation of renewable energy, energy efficiency, or energy conservation systems as part of the purchasing electric utility customer's electric utility bill."

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval.

INTRODUCED BY:

James Marshall K.

BY REQUEST

# S.B. NO. 1096

**Report Title:**

On-bill Financing; On-bill Repayment; Public Utilities  
Commission; Electric Utilities; Billing and Collections; Tax  
Exemption

**Description:**

Exempts electric utilities acting as billing and collections  
agents for an on-bill program from various State taxes and State  
laws regulating financial institutions, escrow depositories, or  
collection agencies.

*The summary description of legislation appearing on this page is for informational purposes only and is  
not legislation or evidence of legislative intent.*

JUSTIFICATION SHEET

DEPARTMENT: Commerce and Consumer Affairs

TITLE: A BILL FOR AN ACT RELATING TO ON-BILL PROGRAMS.

PURPOSE: To exempt electric utilities serving as billing and collection agents for any on-bill financing program or on-bill repayment program in the State of Hawaii ("On-bill Program") from certain state taxes and state laws regulating financial institutions, escrow depositories, or collection agencies.

MEANS: Amend section 269-125, Hawaii Revised Statutes.

JUSTIFICATION: Electric utilities serving as billing and collection agents for any On-bill Program in Hawaii serve in a purely "pass-through" capacity for any and all moneys collected and remitted in an On-bill Program. As such, On-bill Program collections do not constitute revenue for participating electric utilities. This measure exempts electric utilities serving as billing and collection agents for any On-bill Program in the State from certain state-level revenue taxes and other laws regulating financial institutions, escrow depositories, or collection agencies.

Impact on the public: The impact on the public will likely be positive. Electric utilities serving as billing and collection agents are not raising revenue from the moneys collected and remitted while participating in an On-bill Program, so levying of revenue-related taxes or requiring other financial regulations on utilities collecting these amounts would create additional costs for the utility performing non-revenue generating operations

in supporting a state-initiated program. These added costs would likely be passed on to ratepayers and the public, generally. This measure would eliminate these added costs.

Impact on the department and other agencies:  
Minimal impact is expected on the Commission, the Department of Commerce and Consumer Affairs, or other agencies within the administration.

GENERAL FUNDS:	None.
OTHER FUNDS:	None.
PPBS PROGRAM DESIGNATION:	CCA-901.
OTHER AFFECTED AGENCIES:	None.
EFFECTIVE DATE:	Upon approval.